

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|-------------------------------------|---|-----------------|
| THE APPLICATION OF THE UNION LIGHT, |) | |
| HEAT AND POWER COMPANY FOR AN ORDER |) | |
| CANCELLING EXISTING RESTRICTIONS |) | |
| AGAINST SERVING NEW GAS CUSTOMERS |) | CASE NO. 89-190 |
| AND INCREASED LOADS OF EXISTING |) | |
| GAS CUSTOMERS |) | |

O R D E R

On July 7, 1989, The Union Light, Heat and Power Company ("ULH&P"), by counsel, filed its application requesting the cancellation of restrictions on service to new gas customers and expansion of service to existing gas customers or, in the alternative, their continued suspension; relief from certain reporting requirements; and approval to amend Tariff Sheets P.S.C. Ky. No. 2, Second Revised Sheet No. 3-I, Section X - Availability of Gas Service.

In June 1986, the Commission suspended the restrictions in question for a period of 3 years.¹ This action was taken to assess the changing energy situation and determine whether the restrictions are still required. ULH&P insists that the conditions which prompted the imposition of the restrictions no longer exist. There is today, it states, a dynamic marketplace,

¹ Case No. 9588, Removal of Restrictions and Limitations of Sales of Natural Gas by The Union Light, Heat and Power Company, June 24, 1986.

an ample supply of natural gas, and intense competition for its customer base. The existing restrictions, ULH&P asserts, hamper its ability to maintain its position in the competitive marketplace for natural gas.

The Commission notes that the natural gas supply market has continued to evolve and change since the restrictions were initially imposed.² Today, local distribution companies such as ULH&P have much greater access to potential supplies of gas and more flexibility in determining their optimum system supply mix. Accordingly, the Commission finds that, given the current and foreseeable gas supply situation, the restrictions should be lifted.

IT IS THEREFORE ORDERED that:

1. Those portions of the Commission's Orders of January 26, 1973 in Case No. 5760 and May 18, 1979 in Case No. 7378³ which place restrictions on ULH&P's service to new and existing gas customers are vacated.

2. Those portions of the Commission's Orders of January 26, 1973 in Case No. 5760 and May 18, 1979 in Case No. 7378 which require ULH&P to submit periodic reports on gas service are vacated.

² Case No. 5760, Application of The Union Light, Heat and Power Company for Approval of Restrictions and Limitations on Additional Sales of Natural Gas, January 26, 1973.

³ Case No. 7378, The Application and Statement by The Union, Light, Heat and Power Company for an Order of the Commission Cancelling Existing Restrictions Against Serving New Gas Customers and Increased Loads of Existing Gas Customers.

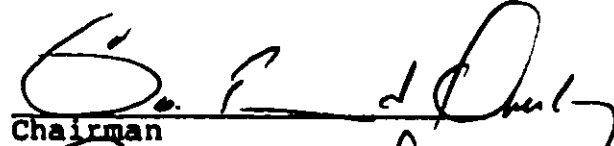
3. The proposed amendment to Tariff Sheet P.S.C. Ky. No. 2, Second Revised Sheet No. 3-I is approved.

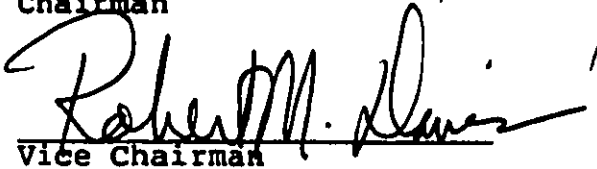
4. The curtailment priorities previously approved by the Commission shall continue in effect.

5. Within 20 days of the date of this Order, ULH&P shall file with the Commission its revised tariff sheets.

Done at Frankfort, Kentucky, this 12th day of October, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director